

As in any government contractual undertaking, the act of suspending shipments of oil to the SPR cannot occur without some adjustments in schedules, and it will take some time as well. For example, the Department of Energy will have to suspend its contracts with those entities that are delivering the oil to the SPR, and at any given moment a huge quantity of oil is already in transit.

My interest, however, as chairman of the Committee on Natural Resources, which has primary jurisdiction over the Department of the Interior and the program that has been transferring royalty-in-kind oil to the Department of Energy, is to ensure that proper guidance and oversight is provided to that Department of the Interior.

To that end, we understand the language of Section 2(c) of H.R. 6022 to provide the necessary authority to the Secretary to terminate existing SPR-related contracts and dispose of any remaining RIK oil accordingly.

Under the terms of Federal oil and gas leases, the Federal Government is entitled to a percentage of the proceeds derived from the sale of oil and gas produced on Federal lands. The specific percentage is set by the terms of the lease, and typically ranges from 12.5 and 18.75 percent. The Secretary of the Interior is authorized to take that percentage either in the form of a cash payment or in the form of oil or gas itself. This latter method is called royalty-in-kind, RIK, and when the Government chooses to take its royalty-in-kind, it then typically sells—using private marketing companies—that oil and gas on the open market, directly competing with private firms. Currently, some of that RIK oil is not sold, but instead is directed towards filling the SPR.

Under the terms of the RIK-SPR program, the Secretary of the Interior enters into long-term transportation contracts with energy companies to deliver royalty oil from the Gulf of Mexico to an onshore market center, where title is transferred to the Department of Energy. These contracts are typically for 6-month terms, and on May 1, the Interior Department issued those contracts for the period of July 1 to December 31 of this year. These contracts have a contingency clause to convert them from purely transportation to an outright sale contracts, but there is a 45-day notification requirement before such a conversion can occur.

In order to get the oil from the onshore market center to the SPR, the Department of Energy enters into exchange contracts with energy companies. Under the terms of the exchange contract, the contractor takes title of the oil at the market center, and then delivers other oil that meets SPR specifications at one of the SPR sites. Consequently, the RIK oil does not directly flow into the SPR.

The language of H.R. 6022 directs the Secretary of the Interior to “suspend acquisition of petroleum for the Strategic Petroleum Reserve through the royalty-in-kind program.” This means that the Department must terminate its transportation contracts and suspend delivery of the RIK oil to the SPR. In order to ensure that the Department of the Interior does not end up leaving RIK oil “in the pipeline” so to speak, H.R. 6022 intends that the Secretary convert the transportation contracts into sales contracts as soon as practicable and in accordance with the terms of the transportation contracts.

This is the obvious intention of the bill, as Congress would certainly not want to strand

tens of thousands of barrels of oil a day in pipelines across America. Consequently, we envision that the Department of Energy will continue to accept the oil at the market centers for as long as the Department of the Interior is contractually obligated to have it delivered, which we anticipate will not exceed 45 days from enactment of H.R. 6022.

Congressional intent in this matter is to require the Departments of the Interior and Energy to end the process of filling the Strategic Petroleum Reserve as rapidly as possible. The Department of the Interior should immediately, upon enactment of this legislation, provide the necessary notice to their contractors that RIK delivery contracts will be converted to sale contracts within 45 days.

INTRODUCTION BY CONGRESSWOMAN JANE HARMAN FOR THE PUBLIC SAFETY BROADBAND AUTHORIZATION ACT OF 2008

HON. JANE HARMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 2008

Ms. HARMAN. Madam Speaker, I rise to introduce legislation that takes a modest but essential step toward solving our Nation's emergency communications crisis.

For over 6 years, I have worked passionately to prevent a tragic repetition of the communications problems that led to the deaths of hundreds of first responders on 9/11—namely, the lack of an interoperable network that would have allowed police and firefighters in the twin towers to communicate with each other. This issue has been one of my highest priorities as a policymaker.

In recent years, Congress has appropriated grant funds for first responder communications and freed 24 MHz of new spectrum for public safety use. But our efforts have fallen short. Police, fire, and emergency medical service agencies across the country still rely on a balkanized patchwork of aging radio systems that hampers interagency coordination and puts lives at risk.

This year is our best chance, and maybe our last chance for years, to change our emergency communications landscape with a single, interoperable network for all of our Nation's brave first responders.

Next February, the DTV transition will free valuable broadcast spectrum in the 700 MHz band. Last year, the Federal Communications Commission designed an innovative auction for a block of this spectrum. The winner of the so-called “D” block would be required to build a nationwide, wireless broadband network to serve both commercial and public safety users.

This sensible, market-based approach recognized that public safety agencies are cut off from the advances of the 21st century, plagued by the lack of a national communications platform and chronically short of funding. The FCC envisioned a public-private partnership to provide state-of-the-art technology to public safety users and fund a multi-billion dollar public safety network with private capital.

Unfortunately, the D block failed to attract a winning bid. In the aftermath of that failure, we have learned much about the flaws of the first auction and what we must do to get it right the

second time. The FCC is now laying the groundwork for a new auction that I fervently hope will lead to a successful shared network.

Congress should be involved in this process and ensure that the Public Safety Broadband Licensee, the not-for-profit entity representing public safety in this partnership, is an independent and effective voice for first responders.

The legislation I introduce today will start a conversation about how to achieve that goal. It authorizes \$4 million—a modest, interim funding stream—to help the FCC establish this new interoperable network and allows the FCC to grant part of these funds to the Public Safety Broadband Licensee to cover its administrative and operational costs.

My legislation includes requirements to ensure transparency and promote vigorous oversight by both Congress and the FCC. It prohibits the Public Safety Broadband Licensee from accepting third-party funds after receiving FCC grants and from using government funding to repay outstanding debts. The bill also mandates strict reporting requirements to the FCC and Congress.

On 9/11, hundreds of firefighters and police officers died at the World Trade Center, in part because of their hopelessly impaired communications systems. Sadly, nearly 7 years later, public safety agencies still struggle with the exact same problem.

The D block auction is our best chance to solve the interoperability crisis that will plague our response to the next natural disaster or terrorist attack. Congress should act now to ensure its success.

IN RECOGNITION OF THE RETIREMENT OF SERGEANT THOMAS SAVAGE RICE

HON. JEFF MILLER

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 2008

Mr. MILLER of Florida. Madam Speaker, on behalf of the United States Congress, it is an honor for me to rise today in recognition of Sergeant Thomas Savage Rice upon his retirement from the United States Army Reserve.

Sergeant Rice's commitment to his country and community spans several decades. With almost 40 years of service, Sergeant Rice has dutifully devoted his time to assignments across the Nation. Ft. Eustis, Virginia, Ft. Lewis, Washington, and Ft. McNair, Washington DC, are just a few of the many locations that Sergeant Rice has nobly served. He has ably worked in countless positions and various specialties, resulting in seven promotions over a 25 year span including his current rank of Sergeant.

Throughout his career with the United States Army and United States Army Reserve, Sergeant Rice has received numerous accolades and awards including the Joint Service Achievement Medal and the Saudi Arabian Kuwait Liberation Medal; all of which attest to his hard work and perseverance. In addition to recognition gained through his military career, Sergeant Rice lives a highly exemplary civilian life. He is a restaurant owner and serves on the board of the Florida Restaurant and Lodging Association. He was also the 2004 recipient of Florida's Good Neighbor Award from the National Restaurant Association.